

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name County of Alger, Michigan	County Alger
Fiscal Year End 12/31/06	Opinion Date 06/28/07	Date Audit Report Submitted to State 06/29/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman, & Company, PLC		Telephone Number 906-225-1166	
Street Address 102. W. Washington St., Suite 109		City Marquette	State Zip MI 49855
Authorizing CPA Signature		Printed Name Michael Alan Grentz	License Number 1101027988

County of Alger, Michigan
Audited Financial Statements
And Supplemental Information
December 31, 2006

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ANDERSON, TACKMAN & COMPANY, P.L.C.

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Independent Auditors' Report

Honorable Chairman and Members
of the Board of Commissioners
County of Alger, Michigan
101 Court Street
Munising, Michigan 49862

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Alger, Michigan as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County of Alger, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Commission on Aging, which represents 4 percent, 1 percent and 8 percent, respectively, of the assets, net assets and revenues of the Component Units. Those financial statements were audited by other auditors whose report thereon has been furnished to use, and our opinion, insofar as it relates to the amounts included for the Commission on Aging, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit

Honorable Chairman and Members
of the Board of Commissioners
County of Alger, Michigan

includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Alger, Michigan as of December 31, 2006, and the respective changes in financial position and cash flows where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a our report dated June 28, 2007, on our consideration of the County of Alger, Michigan's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 8 through 13 and 42 through 46, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of

Honorable Chairman and Members
of the Board of Commissioners
County of Alger, Michigan

inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Alger, Michigan's basic financial statements. The combining and individual non-major fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 28, 2007

County of Alger, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the County of Alger's financial performance provides an overview of the County's financial activities for the year ended December 31, 2006. Please read it in conjunction with the financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- Net assets for the County as a whole were \$4,758,233. Net assets increased by \$413,299 as a result of this year's operations.
- During the year, the County had expenses for governmental activities that were \$4,058,612 and generated \$3,750,858 in general revenues and other program sources.
- During the year, the County had expenses for business-type activities that were \$46,339 and generated \$767,392 in general revenues and other program sources.
- The general fund reported a net change in fund balance of \$262,088. This is \$75,039 lower than the forecasted increase of \$-0-.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 14 and 15) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the County as a Whole

Our analysis of the County as a whole begins on page 10. One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the County's net assets and changes in them. You can think of the County's net assets - the difference between assets and liabilities - as one way to measure the County's financial health, or financial position. Over time, increases or

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's patron base and the condition of the County's capital assets, to assess the overall financial health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three kinds of activities:

- **Governmental activities** – Most of the County's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-type activities** – The County charges a fee to customers to help it cover all or most of the cost of certain services it provides, the County's various Delinquent Tax funds are reported here.
- **Component units** – The County includes two separate legal entities in its report – the Commission on Aging and the Alger County Road Commission. Although legally separate, these "component units" are important because the County is financially accountable for them.

Reporting the County's Most Significant Funds

Our analysis of the County's major funds begins on page 12. The fund financial statements begin on page 16 and provide detailed information on the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Commission establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The County's two kinds of funds - governmental and proprietary - use different accounting approaches.

- **Governmental funds** – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in a reconciliation which follows the fund financial statements.
- **Proprietary funds** – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The County as Trustee

The County is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 23. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The County as a Whole

Table I provides a summary of the County's net assets as of December 31, 2006 and 2005.

**Table 1
Net Assets**

	Governmental Activities – 2006	Business-Type Activities – 2006	Total Primary Government – 2006	Governmental Activities – 2005	Business-Type Activities – 2005	Total Primary Government – 2005
Current and other assets	\$2,480,282	\$1,516,966	\$3,997,248	\$3,798,644	\$-	\$3,798,644
Capital assets, net	2,501,204	-	2,501,204	2,598,388	-	2,598,388
Total Assets	\$4,981,486	\$1,516,966	\$6,498,452	\$6,397,032	\$-	\$6,397,032
Current liabilities	547,050	14,561	561,611	845,612	-	845,612
Non-current liabilities	1,178,608	-	1,178,608	1,206,486	-	1,206,486
Total Liabilities	1,725,658	14,561	1,740,219	2,052,098	-	2,052,098
Net Assets:						
Invested in capital assets, net of related debt	1,478,139	-	1,478,139	1,548,388	-	1,548,388
Restricted	-	-	-	-	-	-
Unrestricted	1,777,689	1,502,405	3,280,094	2,796,546	-	2,796,546
Total Net Assets	\$3,255,828	\$1,502,405	\$4,758,233	\$4,344,934	\$-	\$4,344,934

Net assets of the County's governmental activities stood at \$3,280,094. Unrestricted net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$2,796,546.

The \$3,280,094 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the County as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal years 2006 and 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2 Change in Net Assets						
	Governmental Activities – 2006	Business-Type Activities – 2006	Total Primary Government – 2006	Governmental Activities – 2005	Business- Type Activities – 2005	Total Primary Government – 2005
Revenues:						
Program revenues:						
Charges for services	\$769,657	\$86,435	\$856,092	\$881,796	\$-	\$881,796
Operating grants and contributions	765,368	-	765,368	1,022,407	-	1,022,407
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Taxes	2,504,445	-	2,204,445	2,302,871	-	2,302,871
Unrestricted intergovernmental sources	52,222	-	52,222	224,953	-	224,953
Interest and investment earnings	128,290	120,094	248,384	60,892	-	60,892
Miscellaneous	91,739	-	91,739	123,599	-	123,599
Total Revenues	4,311,721	206,529	4,518,250	4,816,518	-	4,616,518
Program Expenses:						
Legislative	32,526	-	32,526	39,056	-	39,056
Judicial	751,750	-	751,750	572,592	-	572,592
General government	1,255,508	-	1,255,508	1,011,243	-	1,011,243
Public safety	1,248,235	-	1,248,235	768,789	-	768,789
Health and welfare	515,707	-	515,707	437,276	-	437,276
Other	118,260	-	118,260	1,170,963	-	1,170,963
Capital Outlay	101,531	-	101,531	-	-	-
Interest on long-term debt	35,095	-	35,095	50,278	-	50,278
2001 Delinquent Tax Fund	-	-	-	-	-	-
2002 Delinquent Tax Fund	-	2,570	2,570	-	-	-
2003 Delinquent Tax Fund	-	-	-	-	-	-
100 % Delinquent Tax Fund	-	6,241	6,241	-	-	-
Foreclosure Fund	-	36,993	36,993	-	-	-
Summer Tax Collection Fund	-	535	535	-	-	-
Total Expenses	4,058,612	46,339	4,104,951	4,050,197	-	4,050,197
Excess (deficiency) before transfers	253,109	160,190	413,299	566,321	-	566,321
Transfers	(560,863)	560,863	-	-	-	-
Increase (decrease) in net assets	(307,754)	721,053	413,299	566,321	-	566,321
Net assets, beginning – restated	3,563,582	781,352	4,344,934	3,778,613	3,778,613	3,778,613
Net Assets, Ending	\$3,255,828	\$1,502,405	\$4,758,233	\$4,344,934	\$4,344,934	\$4,344,934

The County's total revenues were \$4,518,250. The total cost of all programs and services was \$4,104,951, leaving an increase in net assets of \$413,299.

The primary reason for the increase was the continued funding of the Revenue Sharing Fund in the current year.

Table 3 presents the cost of each of the four largest programs – General Government, Public Safety, Judicial, and other – as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each program placed on the County's operation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
General Government	\$1,255,508	(\$867,569)
Public Safety	1,248,235	(922,309)
Judicial	751,750	(257,984)
Health & Welfare	515,707	(327,231)

Business-type Activities

As the County completed the year, its business-types funds (as presented in the statement of net assets on page 16) reported a combined fund balance of \$1,502,405, an increase of \$721,053 from the beginning of the year.

The primary reason for the increase was the transfer from the Restricted Fund to the 100% Delinquent Tax Fund of \$561,820.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 20) reported a combined fund balance of \$1,972,132 and decrease of \$234,548 from the beginning of the year.

The primary reason for the decrease was the transfer from the Restricted Fund to the 100% Delinquent Tax Fund of \$561,820.

General Fund Budgetary Highlights

Over the course of the year, the County Commission revised the budget several times.

With these adjustments, actual charges to expenditures were \$15,958 more than the final amended budget and other financing sources (uses) were \$28,880 more than the final amended budget. Conversely, revenues were \$30,201 less than the final budget projection. Revenue budget fluctuations were incurred in State sources, and other miscellaneous revenues. Expenditure budget fluctuations were the result of recording accounts payable and accrued liabilities after budget approval.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2006, the County had \$2,501,204 invested in a variety of capital assets including land, buildings, and other equipment. (See table 4 below)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities – 2006	Governmental Activities – 2005
Land	\$160,000	\$160,000
Buildings and improvements	2,017,387	2,082,494
Equipment and vehicles	323,817	355,894
Totals	<u>\$2,501,204</u>	<u>\$2,598,388</u>

Major capital additions in the current year included a two vehicle purchases and a snowmobile. No major capital additions are planned for next year.

Debt

At year-end, the County had \$1,023,065 in bonds outstanding. There were new additions to debt for this year and further details on long-term debt can be found in Note E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The County's elected and appointed officials consider many factors when setting the fiscal year 2007 budget. One of those factors is the economy.

The current economic health of the State of Michigan was of great concern. The prolonged economic turndown has caused a significant reduction in State revenues which threatens to affect Alger County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Treasurer at County of Alger, 101 Court Street, Munising, Michigan 49862.

County of Alger, Michigan

Statement of Net Assets

December 31, 2006

	Primary Government Governmental Activities	Primary Government Business-Type Activities	Primary Government Total	Component Units
ASSETS				
Current Assets:				
Cash	\$ 1,537,380	\$ 1,163,367	\$ 2,700,747	\$ 920,926
Receivables (net)	942,902	353,599	1,296,501	729,620
Inventory	-	-	-	305,766
Prepaid expenses and other assets	-	-	-	20,819
TOTAL CURRENT ASSETS	2,480,282	1,516,966	3,997,248	1,977,131
Non-current assets:				
Capital Assets	2,501,204	-	2,501,204	8,819,461
Total Capital Assets	2,501,204	-	2,501,204	8,819,461
TOTAL NON-CURRENT ASSETS	2,501,204	-	2,501,204	8,819,461
TOTAL ASSETS	4,981,486	1,516,966	6,498,452	10,796,592
LIABILITIES:				
Current Liabilities:				
Accounts payable	68,366	2,413	70,799	313,368
Accrued liabilities	53,893	-	53,893	95,023
Deferred revenue	385,871	12,148	398,019	164,435
Advances	-	-	-	240,790
Current portion of bonds payable	38,900	-	38,900	234,795
TOTAL CURRENT LIABILITIES	547,050	14,561	561,611	1,048,411
Non-current Liabilities:				
Compensated absences	194,443	-	194,443	243,376
Long-term bonds payable	984,185	-	984,165	3,010,654
Other	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	1,178,606	-	1,178,606	3,254,030
TOTAL LIABILITIES	1,725,658	14,561	1,740,219	4,302,441
NET ASSETS				
Invested in capital assets net of related debt	1,478,139	-	1,478,139	5,574,012
Restricted for:				
Debt Service	-	-	-	144,137
Unrestricted	1,777,689	1,502,405	3,280,094	776,002
TOTAL NET ASSETS	\$ 3,255,828	\$ 1,502,405	\$ 4,758,233	\$ 6,494,151

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Statement of Activities

For the year ended December 31, 2006

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Component Units
Primary Government:							
Governmental Activities:							
Legislative	\$ 32,526	\$ -	\$ -	\$ -	\$ (32,526)	\$ -	\$ -
Judicial	751,750	188,902	308,884	-	(257,984)	-	-
General government	1,255,508	348,465	39,474	-	(867,569)	-	-
Public safety	1,248,235	59,988	265,938	-	(922,309)	-	-
Health and welfare	515,707	172,145	16,331	-	(327,231)	-	-
Other	118,260	2,157	-	-	(116,103)	-	-
Capital outlay	101,531	-	136,761	-	35,230	-	-
Interest on long-term debt	35,095	-	-	-	(35,095)	-	-
Total Governmental Activities:	4,058,612	769,657	765,368	-	(2,523,587)	-	(2,523,587)
Business-Type Activities:							
2001 Delinquent Tax Fund	-	10	-	-	-	10	-
2002 Delinquent Tax Fund	2,570	-	-	-	-	(2,570)	-
2003 Delinquent Tax Fund	-	1,091	-	-	-	1,091	-
100% Delinquent Tax Fund	8,241	44,375	-	-	-	38,134	-
Foreclosure Fund	38,993	38,875	-	-	-	1,882	-
Summer Tax Collection Fund	535	2,084	-	-	-	1,549	-
Total Business-Type Activities	46,339	86,435	-	-	-	40,096	-
TOTAL PRIMARY GOVERNMENT	\$ 4,104,951	\$ 856,092	\$ 765,368	\$ -	\$ (2,523,587)	\$ 40,096	\$ (2,483,491)
Component Units:							
Road Commission	3,522,280	1,355,470	5,289,378	-	-	-	3,132,588
Commission on Aging	854,704	146,130	441,950	-	-	-	(66,624)
TOTAL COMPONENT UNITS	\$ 4,176,964	\$ 1,501,600	\$ 5,741,328	\$ -	-	-	3,065,964
General Revenues:							
Taxes					2,504,445	-	35,318
Unrestricted intergovernmental sources					52,222	-	-
Interest and investment earnings					128,290	120,094	42,377
Miscellaneous					91,739	-	19,125
Transfers in (out)					(560,863)	560,863	-
TOTAL GENERAL REVENUES					2,215,833	680,957	96,820
CHANGE IN NET ASSETS					(307,754)	721,053	3,162,784
Net assets, beginning of year					3,563,582	781,352	3,331,367
NET ASSETS, END OF YEAR					\$ 3,255,828	\$ 1,502,405	\$ 6,494,151

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Governmental Funds

Balance Sheet

December 31, 2006

	General Fund	MSU Extension Fund	Ambulance Fund	Wireless 911 Fund	Revenue Sharing Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 240,846	\$ 18,630	\$ 226,075	\$ 321,667	\$ 543,959	\$ 191,863	\$ 1,543,040
Receivables							
Accounts	18,235	-	-	23,826	-	6,344	48,405
Taxes - current	131,516	64,470	269,231	-	429,280	-	894,497
Due from other funds	24,576	-	-	-	-	-	24,576
Other assets	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 415,173	\$ 83,100	\$ 495,306	\$ 345,493	\$ 973,239	\$ 198,207	\$ 2,510,518
LIABILITIES AND FUND BALANCE							
LIABILITIES:							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,660	\$ 5,660
Accounts payable	54,227	132	4,587	-	-	9,440	68,386
Accrued wages	46,686	-	6,437	-	-	768	53,893
Due to other funds	-	-	-	-	24,576	-	24,576
Deferred revenue	52,170	64,470	269,231	-	-	-	385,871
Other liabilities	-	-	-	-	-	-	-
TOTAL LIABILITIES	153,085	64,602	280,255	-	24,576	15,868	538,386
FUND BALANCE:							
Unrestricted	262,088	18,498	215,051	345,493	948,663	182,339	1,972,132
TOTAL FUND BALANCE	262,088	18,498	215,051	345,493	948,663	182,339	1,972,132
TOTAL LIABILITIES AND FUND BALANCE	\$ 415,173	\$ 83,100	\$ 495,306	\$ 345,493	\$ 973,239	\$ 198,207	\$ 2,510,518

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

December 31, 2006

Total Fund Balances for Governmental Funds	\$ 1,972,132
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,501,204
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Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	\$ (38,900)	
Compensated absences	(194,443)	
Long-term portion of bonds payable	<u>(984,165)</u>	
		<u>(1,217,508)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,255,828</u>
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The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2006

	General Fund	MSU Extension Fund	Ambulance Fund	Wireless 911 Fund	Revenue Sharing Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Property taxes	\$ 1,762,724	\$ 60,168	\$ 251,226	\$ -	\$ 429,280	\$ -	\$ 2,503,398
Licenses and permits	3,878	-	-	-	-	104,882	108,760
Federal sources	111,525	-	-	-	-	179,328	290,851
State sources	307,927	-	-	94,294	-	38,410	440,631
Local sources	7,962	-	-	-	22,947	71,746	102,655
Contributions from private sources	6,400	-	-	-	-	-	6,400
Charges for services	323,321	2,157	172,145	-	-	51,253	548,876
Fines and forfeits	7,027	-	-	-	-	2,682	9,709
Interest and rentals	203,788	-	-	-	-	11,941	215,729
Other	106,417	-	-	-	-	-	106,417
TOTAL REVENUES	2,840,969	62,325	423,371	94,294	452,227	480,240	4,333,426
EXPENDITURES:							
Current operations:							
Legislative	32,526	-	-	-	-	-	32,526
Judicial	721,460	-	-	-	-	30,290	751,750
General government	1,048,037	58,820	-	-	-	124,200	1,229,057
Public safety	1,011,427	-	-	14,021	-	172,114	1,197,562
Health and welfare	103,678	-	352,278	-	-	36,734	492,690
Other	116,260	-	-	-	-	-	116,260
Capital outlay	-	-	-	-	-	101,531	101,531
Debt service	83,735	-	-	-	-	-	83,735
TOTAL EXPENDITURES	3,119,123	56,820	352,278	14,021	-	464,869	4,007,111
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(278,154)	5,505	71,093	80,273	452,227	(4,629)	326,315
OTHER FINANCING SOURCES (USES):							
Transfers in	239,115	-	-	-	-	44,000	283,115
Transfers out	(36,000)	-	(40,000)	-	(170,609)	(597,369)	(843,978)
TOTAL OTHER FINANCING SOURCES (USES)	203,115	-	(40,000)	-	(170,609)	(553,369)	(560,863)
CHANGE IN FUND BALANCE	(75,039)	5,505	31,093	80,273	281,618	(557,998)	(234,548)
Fund balance, beginning of year	337,127	12,993	163,856	265,220	667,045	740,337	2,206,880
FUND BALANCE, END OF YEAR	\$ 262,088	\$ 18,498	\$ 215,051	\$ 345,493	\$ 948,663	\$ 182,339	\$ 1,972,132

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

Net Change in Fund Balances - Total Governmental Funds \$ (234,548)

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 42,016	
Depreciation expense	<u>(139,200)</u>	(97,184)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets. (21,705)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 48,640

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (2,957)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (307,754)</u>
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County of Alger, Michigan

Proprietary Funds

Statement of Net Assets

December 31, 2006

	2001 Delinquent Tax Fund	2002 Delinquent Tax Fund	2003 Delinquent Tax Fund	100% Delinquent Tax Fund	Foreclosure Fund	Summer Tax Collection Fund	Total
ASSETS							
Current Assets:							
Cash	\$ -	\$ -	\$ -	\$ 1,137,663	\$ 23,843	\$ 1,861	\$ 1,163,367
Receivables - other governmental units	-	-	-	-	-	-	-
Taxes receivable	-	-	-	353,599	-	-	353,599
TOTAL CURRENT ASSETS	-	-	-	1,491,262	23,843	1,861	1,516,966
TOTAL ASSETS	-	-	-	1,491,262	23,843	1,861	1,516,966
LIABILITIES							
Current Liabilities:							
Accounts payable	-	-	-	-	2,107	306	2,413
Deferred revenue	-	-	-	-	12,148	-	12,148
TOTAL CURRENT LIABILITIES	-	-	-	-	14,255	306	14,561
TOTAL LIABILITIES	-	-	-	-	14,255	306	14,561
NET ASSETS	-	-	-	-	-	-	-
Unrestricted	-	-	-	1,491,262	9,588	1,555	1,502,405
TOTAL NET ASSETS	\$ -	\$ -	\$ -	\$ 1,491,262	\$ 9,588	\$ 1,555	\$ 1,502,405

County of Alger, Michigan

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Assets

For the year ended December 31, 2006

	2001 Delinquent Tax Fund	2002 Delinquent Tax Fund	2003 Delinquent Tax Fund	100% Delinquent Tax Fund	Foreclosure Fund	Summer Tax Collection Fund	Total
OPERATING REVENUES:							
Fees	\$ 10	\$ -	\$ 1,091	\$ 33,421	\$ 36,934	\$ 191	\$ 71,647
Expense of sale	-	-	-	10,954	1,941	1,893	14,788
TOTAL OPERATING REVENUES	10	-	1,091	44,375	38,875	2,084	86,435
OPERATING EXPENSES:							
Other operating expenses	-	2,570	-	5,241	36,993	535	46,339
TOTAL OPERATING EXPENSES	-	2,570	-	6,241	36,993	535	46,339
OPERATING INCOME (LOSS)	10	(2,570)	1,091	38,134	1,882	1,549	40,096
NON-OPERATING REVENUES (EXPENSES):							
Interest income	-	122	13,234	106,188	542	8	120,094
Interest expense	-	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	122	13,234	106,188	542	8	120,094
INCOME (LOSS) BEFORE TRANSFERS	10	(2,448)	14,325	144,322	2,424	1,557	160,190
Transfers in	-	3,183	-	792,036	-	-	795,199
Transfers (out)	(10)	(24,187)	(206,019)	-	-	(4,120)	(234,336)
CHANGE IN NET ASSETS	-	(23,472)	(191,694)	936,358	2,424	(2,563)	721,053
Net assets, beginning of year	-	23,472	191,894	554,904	7,164	4,118	781,352
NET ASSETS, END OF YEAR	\$ -	\$ -	\$ -	\$ 1,491,262	\$ 9,568	\$ 1,555	\$ 1,502,405

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended December 31, 2006

	2001 Delinquent Tax Fund	2002 Delinquent Tax Fund	2003 Delinquent Tax Fund	100% Delinquent Tax Fund	Foreclosure Fund	Summer Tax Collection Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from fees and charges for services	\$ 1,171	\$ 3,001	\$ 28,769	\$ 3,958	\$ 51,023	\$ 2,084	\$ 90,006
Cash payments to suppliers for goods and services	(1,171)	(2,770)	-	(6,241)	(41,609)	(1,610)	(53,401)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	231	28,769	(2,283)	9,414	474	38,605
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Transfers in (out)	(10)	(21,024)	(206,019)	792,036	-	(4,120)	560,863
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(10)	(21,024)	(206,019)	792,036	-	(4,120)	560,863
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest Income	-	122	13,234	106,188	542	8	120,094
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	122	13,234	106,188	542	8	120,094
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10)	(20,871)	(184,016)	895,941	9,956	(3,638)	717,562
Cash and cash equivalents, beginning of year	10	20,871	184,016	241,722	13,987	5,499	445,805
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -	\$ -	\$ 1,137,683	\$ 23,843	\$ 1,861	\$ 1,163,367
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating Income (loss)	\$ 10	\$ (2,570)	\$ 1,091	\$ 38,134	\$ 1,882	\$ 1,549	\$ 40,096
Adjustments to reconcile operating income to net cash provided by operating activities:							
Change in assets and liabilities:							
(increase) decrease in accounts receivable	-	-	-	-	-	-	-
(increase) decrease in taxes receivable	1,161	3,001	27,678	(40,417)	-	-	(8,577)
Increase (decrease) in accounts payable	(1,171)	(200)	-	-	(4,616)	(1,075)	(7,062)
Increase (decrease) in deferred revenue	-	-	-	-	12,148	-	12,148
NET ADJUSTMENTS	(10)	2,801	27,878	(40,417)	7,532	(1,075)	(3,491)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ 231	\$ 28,769	\$ (2,283)	\$ 9,414	\$ 474	\$ 36,605

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Fiduciary Funds

Combining Statement of Fiduciary Net Assets

December 31, 2006

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 670,159
Accounts receivable	<u>2,681</u>
TOTAL ASSETS	<u>\$ 672,840</u>
LIABILITIES	
Due to others	<u>\$ 672,840</u>
TOTAL LIABILITIES	<u>\$ 672,840</u>

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Component Units

Combining Statement of Net Assets

December 31, 2006

	<u>Road Commission</u>	<u>Commission on Aging</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 917,466	\$ 3,460	\$ 920,926
Receivables, net	679,626	49,994	729,620
Inventory	305,766	-	305,766
Prepaid expenses and other assets	20,819	-	20,819
TOTAL CURRENT ASSETS	<u>1,923,677</u>	<u>53,454</u>	<u>1,977,131</u>
Non-Current Assets:			
Capital Assets	8,819,461	-	8,819,461
Total Capital Assets	<u>8,819,461</u>	<u>-</u>	<u>8,819,461</u>
TOTAL NON-CURRENT ASSETS	<u>8,819,461</u>	<u>-</u>	<u>8,819,461</u>
TOTAL ASSETS	<u>10,743,138</u>	<u>53,454</u>	<u>10,796,592</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	248,426	64,942	313,368
Accrued wages	62,013	33,010	95,023
Deferred revenue	164,435	-	164,435
Current portion of notes and bonds payable	234,795	-	234,795
Advances	240,790	-	240,790
TOTAL CURRENT LIABILITIES	<u>950,459</u>	<u>97,952</u>	<u>1,048,411</u>
Non-current Liabilities:			
Compensated absences	232,924	10,452	243,376
Bonds payable	3,010,654	-	3,010,654
TOTAL NON-CURRENT LIABILITIES	<u>3,243,578</u>	<u>10,452</u>	<u>3,254,030</u>
TOTAL LIABILITIES	<u>4,194,037</u>	<u>108,404</u>	<u>4,302,441</u>
NET ASSETS			
Invested in capital assets net of related debt	5,574,012	-	5,574,012
Restricted for debt service	144,137	-	144,137
Unrestricted	830,952	(54,950)	776,002
TOTAL NET ASSETS	<u>\$ 6,549,101</u>	<u>\$ (54,950)</u>	<u>\$ 6,494,151</u>

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Component Units

Combining Statement of Activities

For the year ended December 31, 2008

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Commission on Aging	Total
Road Commission Operations	\$ 3,522,260	\$ 1,355,470	\$ 5,299,378	\$ -	\$ 3,132,588	\$ -	3,132,588
Commission on Aging Operations	854,704	146,130	441,950	-	-	(66,624)	(66,624)
TOTAL COMPONENT UNITS	\$ 4,176,964	\$ 1,501,600	\$ 5,741,328	\$ -	3,132,588	(66,624)	3,065,964
General Revenues:							
Property taxes						35,318	35,318
Interest and investment earnings					42,377	-	42,377
Miscellaneous					19,102	23	19,125
TOTAL GENERAL REVENUES AND EXTRAORDINARY ITEMS					61,479	35,341	96,820
CHANGE IN NET ASSETS							
Net assets, beginning of year					3,194,067	(31,283)	3,162,784
					3,355,034	(23,667)	3,331,367
NET ASSETS, END OF YEAR					\$ 6,549,101	\$ (54,950)	\$ 6,494,151

County of Alger, Michigan

December 31, 2006

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:

Description of County Operations

The County of Alger was organized in 1885 and covers an area of 905 square miles with the County seat located in the City of Munising. The County operates under an elected Board of Commissioners (5 members) and provides services to its more than 9,800 residents (2000 census), including legislative, judicial, public safety, health and welfare, social services and ambulance.

REPORTING ENTITY

The County's financial statements present the County (the primary government) and its component units. In evaluating the County as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the County may or may not be financially accountable and, as such, be includable within the County's financial statements. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the County.

Discretely Presented Component Units

Governmental Fund Types

Road Commission - The Alger County Road Commission, which is established pursuant of the County Road Law (MCL 224.1), is governed by an elected three member Board of County Road Commissioners. The Road Commissioners may not issue debt or levy a tax without the approval of the county Board of Commissioners. If approval is granted, Road Commission taxes are levied under the taxing authority of the county, as approved by the county electors, and would be included as part of the County's total tax levy as well as reported in the County Road Fund.

The Road Commission Operating Fund is used to control expenditures of Michigan Transportation Fund monies distributed to the County, which are earmarked by law for street and highway purposes.

A complete financial statement of the component unit can be obtained directly from the administrative office.

Alger County Road Commission
E9264 M-28
Munising, Michigan 49862

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

Commission on Aging - The Alger County Commission on Aging is governed by a nine member board appointed by the County Board. It provides services to the elderly residents of Alger County. The financial information presented for this component unit is for the fiscal year ended September 30, 2006.

A complete financial statement of the component unit can be obtained directly from the administrative office.

Alger County Commission on Aging
101 Court Street
Munising, Michigan 49862

Economic Development Corporation (EDC) - The Alger County EDC has no balances, is inactive and therefore, not included in the accompanying financial statements.

District Health Department - Luce, Mackinac, Alger and Schoolcraft Counties participate jointly in the operation of the District Health Department. All of the financial operations of the Health department are recorded in the records of Luce County. Alger's appropriation to the District Health Department for the calendar year was \$16,689.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's public safety, judicial, health and welfare and general government services are classified as governmental activities. The County does not engage in business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets as well as long-term debt and obligations. The County's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs by function are normally covered by general revenues.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

The government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are reported by generic classification within the financial statements. The County uses the following fund types:

Governmental Fund Types:

General Fund - This fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - These funds are used to account for specific revenue derived from State and Federal grants, general fund appropriations and charges for services which are to be expended for specific purposes, as dictated by legal, regulatory or administrative requirements. Special Revenue Funds include the Social Services, Ambulance, M.S.U. Extension, County Law Library, Emergency Management, Friend of the Court, Probate Child Care, Building Department, Veterans Trust, Michigan Justice Training, Central Dispatch 911, Wireless 911, Restricted, Register of Deeds Automation, Revenue Sharing Reserve, Emergency Management Grant, Drug Law Enforcement, Circuit Court Probate Oversight, Homestead Property Tax, D.A.R.E., Snowmobile Enforcement and Local Corrections Funds.

Capital Projects Fund - These funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and special assessments).

Component Units - Component units are used to account for the discretely presented component units which follow governmental fund accounting guidelines. These include the Alger County Commission on Aging and the Alger County Road Commission.

Proprietary Fund Types:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

Fiduciary Fund Types:

Agency Funds - These funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The primary government's Agency Fund is used to account for the collections of taxes, fees, etc., that have not been remitted to other governments or funds.

The County's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

Major Funds:

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The County reports the following major governmental funds: the General Fund, MSU Extension Fund, Ambulance Fund, Wireless 911 Fund, and Revenue Sharing Fund. The County reports the following major business-type funds: 2001 Delinquent Tax Fund, 2002 Delinquent Tax Fund, 2003 Delinquent Tax Fund, 100% Delinquent Tax Fund, Foreclosure Fund, and Summer Tax Collection Fund.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

(3) FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting - The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The County Clerk submits to the County Board of Commissioners proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Courthouse to obtain taxpayer comment.
- c. Pursuant to statute, prior to December 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing County budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Alger County Board of Commissioners, through policy action, specifically directs the Controller not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Alger County Clerk is authorized by means of County policy to make certain transfers:
 1. The Clerk receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amounts to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Commissioners.
 2. The following considerations must be reviewed in determination of transfer approvals:
 - a. Are the transfers consistent with the intent of the Board of Commissioners in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the County?
 - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Clerk will then decide whether or not the transfer should be made.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Supplemental appropriations are submitted to and reviewed by the County Clerk and submitted to the Budget Committee for further consideration. If approved, they are transmitted to the County Board of Commissioners for their review and approval. If approved, they are implemented by the Clerk's Office through a budget revision.

- f. The County of Alger adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Commissioners, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Fund were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the County Board of Commissioners.

Cash Equivalents and Investments - For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and certificates of deposit. Investments are carried at fair value.

Inventory - Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Special Revenue and Enterprise Funds consists of expendable supplies and materials held for consumption. Inventory is charged to operations upon consumption by the various operating funds within the County.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	20-40 years
Building, structures and improvements	40 years
Equipment	5-20 years
Water and Sewage System	20 years
Vehicles	5 years
Infrastructure	20-50 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Long-Term Liabilities - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes - The County of Alger, Michigan property tax is levied on each December 1st and July 1st on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31st and July 1st.

Although the County of Alger, Michigan 2006 ad valorem tax is levied and collectible on December 1, 2005, and valorem tax is levied and collectible on July 1, 2006, it is the County of Alger, Michigan's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means levied and the tax collection period is within the current fiscal year.

The December 1, 2005 taxable valuation totaled \$263,948,674, on which ad valorem taxes levied consisted of 3.5007 mills for the County of Alger, Michigan operation purposes, 1.7503 mills for the Revenue Sharing Fund, .9845 mills for the County Ambulance operating, .2360 mills for the MSU Extension Office and .2408 mills for Commission on Aging. These amounts are recognized in the respective General, Revenue Sharing -Special Revenue Fund, Ambulance - Special Revenue Fund, MSU Extension Office - Special Revenue Fund, Commission on Aging - Component Unit financial statements as revenue.

Compensated Absences - The County accrues accumulated unpaid vacation and sick leave days and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Deferred Revenues - Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

- (1) The Foreclosure Fund has deferred revenue amounting to \$12,148. This amount represents a pre-foreclosure costs billed, but unearned at year end.
- (2) The General Fund, MSU Extension Fund and Ambulance Fund have deferred revenue of \$52,170, \$64,470 and \$269,231 respectively. This amount represents property taxes levied on December 1st, 2006 for the 2007 fiscal year.
- (3) The Houghton County Road Commission has deferred revenue of \$164,435. This amount represents advance grant/contract payments from the State of Michigan.

Interfund Activity - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE B - CASH DEPOSITS AND INVESTMENTS:

Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and its component units from the Statement of Net Assets:

	Primary Government	Component Units	Fiduciary Funds	Total
Unrestricted:				
Cash and cash equivalents	\$2,700,747	\$920,926	\$670,159	\$4,291,832
Investments	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
TOTALS	\$2,700,747	\$920,926	\$670,159	\$4,291,832

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State law does not require and the County does not have a deposit policy for custodial credit risk. The carrying amounts of the primary government, component unit and fiduciary fund's deposits with financial institutions were \$4,291,832 and the bank balance was \$4,748,818. The bank balance is categorized as follows:

NOTE B - CASH DEPOSITS AND INVESTMENTS (CONTINUED):

Amount insured by the FDIC	\$447,680
Amount uncollateralized and uninsured	4,301,138
	<u>\$4,748,818</u>

Investments

As of December 31, 2006, the County had no investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the County's investments. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the County to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The County has no investment policy that would further limit its investment choices. The County's investments are in accordance with statutory authority.

NOTE D - CAPITAL ASSETS:

A summary of the changes in governmental activities capital assets for the year ended December 31, 2006 is as follows:

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
Capital assets not being depreciated:				
Land	\$160,000	\$-	\$-	\$160,000
Capital assets being depreciated:				
Buildings and improvements	3,128,590	-	-	3,128,590
Equipment and vehicles	653,740	42,016	-	695,756
Total Capital Assets	3,942,330	42,016	-	3,984,346
Less accumulated depreciation:				
Buildings and improvements	(1,046,096)	(65,107)	-	(1,111,203)
Equipment and vehicles	(297,846)	(74,093)	-	(371,939)
Total Accumulated Depreciation	(1,343,942)	(139,200)	-	(1,483,142)
Capital Assets, Net	\$2,598,388	\$ (97,184)	\$-	\$2,501,204

NOTE D - CAPITAL ASSETS (CONTINUED):

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

Governmental Activities:	
General government	\$60,335
Public safety	55,848
Health and welfare	23,017
Total Depreciation Expense - Governmental Activities	<u>\$139,200</u>

A summary of the changes in component units capital assets for the year ended December 31, 2006 is as follows:

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
Capital assets not being depreciated:				
Land	\$49,332	\$-	\$-	\$49,332
Capital assets being depreciated:				
Buildings	3,856,684	-	127,202	3,729,482
Equipment and vehicles	4,752,961	378,707	70,182	5,061,486
Infrastructure	1,836,495	3,524,203	-	5,360,698
Total Capital Assets	<u>10,495,472</u>	<u>3,902,910</u>	<u>197,384</u>	<u>14,200,998</u>
Less accumulated depreciation:				
Buildings	(813,924)	(85,586)	(92,950)	(806,560)
Equipment and vehicles	(4,278,108)	(252,297)	(65,936)	(4,464,469)
Infrastructure	(20,052)	(90,456)	-	(110,508)
Total Accumulated Depreciation	<u>(5,112,084)</u>	<u>(428,339)</u>	<u>(158,886)</u>	<u>(5,381,537)</u>
Capital Assets, Net	<u>\$5,383,388</u>	<u>\$3,474,571</u>	<u>\$38,498</u>	<u>\$8,819,461</u>

NOTE E - LONG-TERM DEBT:

The following is a summary of the long-term debt of the primary government at December 31, 2006:

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006	Due Within One Year
Sick Leave - County	\$191,486	\$2,957	\$-	\$194,443	\$-
Vehicle Note	-	21,705	13,640	8,065	3,900
Bonds Payable	1,050,000	-	35,000	1,015,000	35,000
	<u>\$1,241,486</u>	<u>\$24,662</u>	<u>\$48,640</u>	<u>\$1,217,508</u>	<u>\$38,900</u>

Sick Leave

Employees earn annual vacation and sick leave at various numbers of days per year based on length of service up to a maximum accumulation of days. These benefits are outlined in labor union contracts and administrative policies of the County. At December 31, 2006, liabilities for accumulated unpaid sick leave as reported in the Statement of Net Assets total \$194,443. The County does not allow a carry forward of unused vacation benefits to the

NOTE E - LONG-TERM DEBT (CONTINUED):

following operating year unless specifically approved on an individual basis in accordance with union contracts.

Bond Issue

The County of Alger Building authority 1999 Building Authority Bond is a \$1,220,200 issue, on which the County has drawn the full amount as of December 31, 2003. The proceeds of the bonds were used in the construction of an addition to the County Courthouse.

The bonds accrue interest at an annual rate of 4.75%, with interest being payable twice a year, on April 1 and October 1. Principal payments are due once each year, on April 1. The following future payment information is presented.

Years	Principal	Interest	Totals
2007	\$35,000	\$47,381	\$82,381
2008	40,000	45,600	85,600
2009	40,000	43,700	83,700
2010	40,000	41,800	81,800
2011	45,000	39,781	84,781
2012-2016	255,000	164,468	419,468
2017-2021	320,000	96,187	416,187
2022-2024	240,000	17,575	257,575
Totals	\$1,015,000	\$496,492	\$1,511,492

Note Issue

Note Issue is for a 2007 Ford Explorer for \$21,705 on November 16, 2006 and matures annually as scheduled below and bears an interest rate of 7% annually on November 11 of each year.

Year	Principal	Interest	Total
2007	\$3,900	\$548	\$4,448
2008	4,165	283	4,448
Total	\$8,065	\$831	\$8,896

ANNUAL MATURES

Years	Principal	Interest	Totals
2007	\$38,900	\$47,929	\$86,829
2008	\$44,165	\$45,883	90,048
2009	40,000	43,700	83,700
2010	40,000	41,800	81,800
2011	45,000	39,781	84,781
2012-2016	255,000	164,468	419,468
2017-2021	320,000	96,187	416,187
2022-2024	240,000	17,575	257,575
Totals	\$1,023,065	\$497,323	\$1,520,388

NOTE F - FUND MODIFICATIONS (TRANSFER TO/FROM OTHER FUNDS):

The County of Alger, Michigan reports inter-fund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of inter-fund balances presented in the statements of net assets/balance sheet for governmental funds. Inter-fund transactions resulting in inter-fund receivables and payables are as follows:

		Due To Other Funds	
		General Fund	Total
Due From Other Funds	Revenue Sharing Fund	\$24,576	\$24,576
	Total	\$24,576	\$24,576

All balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

										Transfer Out To Other Funds
		General Fund	Ambulance	Revenue Sharing Fund	Non-Major Governmental Fund	2001 Delinquent Tax Fund	2002 Delinquent Tax Fund	2003 Delinquent Tax Fund	Summer Tax Fund	Total
Transfer In From Other Funds	General Fund	\$-	\$40,000	\$170,609	\$24,386	\$-	\$-	\$-	\$4,120	\$239,115
	Non-Major Governmental Funds	36,000	-	-	8,000	-	-	-	-	\$44,000
	2002 Delinquent Tax Fund	-	-	-	3,163	-	-	-	-	3,163
	100% Delinquent Tax Fund	-	-	-	561,820	10	24,187	206,019	-	\$792,036
	Total	\$36,000	\$40,000	\$170,609	\$597,369	\$10	\$24,187	\$206,019	\$4,120	\$1,078,314

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE G - RENTAL INCOME:

The County leases office space to other governmental units under operating leases which are renewable annually. The rental income on these leases was \$110,385 in 2006. The cost of the facilities used has not been determined.

NOTE H - PENAL FINES:

The Alger County Treasurer collects penal fines for the Alger County Law Library and for the Munising Public School Library in accordance with the provisions of Public Act 59, 1964. This act requires that penal fines revenues collected by the County Treasurer be distributed to public libraries and county law libraries.

NOTE I - RISK MANAGEMENT:

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The County with other municipalities participates in the Michigan Municipal Risk Management Authority. The County pays an annual premium for its general liability, excess liability, auto liability, errors and omissions, and physical damage insurance coverage. The agreement provides that the pool will cover liability claims in excess of \$75,000 for each insured event to a maximum of \$10,000,000 and property and crime claims in excess of \$1,000 plus 10% of the next \$100,000. If a covered loss exceeds the Authority's limits, all further payments for such loss are the sole obligation of the County. If for any reason, the Authority resources available to pay losses are depleted, the payment of all unpaid losses of the county is the sole obligation of the County. Settled claims have not exceeded the amount of insurance coverage in any of the past three years.

The County continues to carry commercial insurance for other risk of loss, including worker's compensation and employee health insurance.

NOTE J - PENSION PLANS:

The County has two pension plans in an agent multi-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS), administered by the State of Michigan. One is for the primary unit, the other for a component unit (County Road Commission). The County does not include here all of the disclosures required by generally accepted accounting principles relating to these plans. Readers are referred to annual reports of the Plans for further information.

The County's payroll for employees covered by the System for the year ended December 31, 2006 was approximately \$1,406,000 and the total payroll was approximately \$1,562,000. Employer contributions totaled \$266,644 for 2006. This Plan covers all of the County's regular full-time employees.

NOTE K - DEFERRED COMPENSATION PLAN:

The County of Alger offers its employees two deferred compensation plans created in accordance with Internal Revenue Code, Section 457. The Plans, available to all employees, permit them to defer a portion of their current salary until the employee's termination, retirement, death or unforeseeable emergency. The amounts deferred under the plans are held in trust for the exclusive benefit of plan participants and their beneficiaries.

The Plans are administered by the National Association of Counties (NACo) through Nationwide Retirement Solutions (formerly known as PEBSCO) and the Variable Annuity Life Insurance Company (VALIC). NACo and VALIC, as Plan Administrators, agree to hold harmless and indemnify the County, its appointed and elected officers and participating employees from any loss resulting from NACo, VALIC or their agent's failure to perform their duties and services pursuant to the program.

In accordance with GASB Statement No. 32 plan balances and activities are not reflected in the County's financial statements.

NOTE L - MICHIGAN UNIFORM ACCOUNTING AND BUDGETING ACT:

The County Board of Commissioners amended the budget of the General Fund during the fiscal year. The financial statements reflected these amended budgets. The budget is adopted on a basis consistent with the basis of accounting used by the General Fund, generally the modified cash basis. Budgeted appropriations lapse at year end.

The Act requires that the budget be amended before the additional expenditures are incurred. The County amended the general fund budget at year end, after expenditures were incurred. Therefore, the final budget revision was not made in accordance with the Budget Act. The following line items had excess expenditures over appropriations at December 31, 2006:

Legislative	\$62
General Government	8,964
Public Safety	12,744

The County Board of Commissioners did not adopt budgets for the special revenue funds as required by the Budget Act.

NOTE N - DEFICIT FUND BALANCE:

The following deficit fund balances existed at December 31, 2006. The County plans to eliminate these deficit fund balances through transfers in the subsequent year.

Snowmobile Enforcement Fund	\$700
Sheriff Grant Fund	\$5,298
Commission on Aging	\$54,950

NOTE O - JOINT VENTURE COMMUNITY MENTAL HEALTH SERVICES:

Pursuant to an amendment to the Mental Health Code, Public Act 290 of 1995, the Counties of Alger, Marquette, Delta, and Luce created a Community Mental Health Authority with powers and duties as defined in Section 205, MCL 330.1205, known as Pathways to Health Living. Under such provisions, Pathways to Health Living became a separate legal entity from the counties and has its own reporting unit. The Board consists of members of the participating counties as appointed by the respective counties. The Board has full power to comply and carry out the financial and clinical provisions of the Mental Health Code.

Summary financial information as of and for the fiscal year ended September 30, 2006 (the latest available report), for the Board is as follows:

Assets	\$10,609,256
Liabilities	10,777,109
Net Assets	(167,853)
Total Revenues	82,516,939
Total Expenses	83,005,241
Change in Net Assets	(488,302)

The separately issued financial statements can be obtained from the administrative office of the Board at: Pathways to Health Living, 200 West Spring Street, Marquette, Michigan 49855.

Required Supplementary Information

County of Alger, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended December 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Taxes	\$ 1,715,132	\$ 1,722,276	\$ 1,762,724	\$ 40,448
Licenses and permits	2,750	3,500	3,878	378
Federal sources	146,000	146,000	111,525	(34,475)
State sources	362,298	362,765	307,927	(54,838)
Local sources	6,000	6,000	7,962	1,962
Contributions from private sources	19,000	19,337	6,400	(12,937)
Charges for services	316,350	320,706	323,321	2,615
Fines and forfeitures	15,000	15,000	7,027	(7,973)
Interest and rentals	156,000	177,192	203,788	26,596
Other revenues	50,000	98,394	106,417	8,023
TOTAL REVENUES	2,788,530	2,871,170	2,840,969	(30,201)
EXPENDITURES:				
Current:				
Legislative	36,464	32,464	32,526	(62)
Judicial	875,310	722,986	721,460	1,526
General government	861,117	1,039,073	1,048,037	(8,964)
Public safety	949,645	998,683	1,011,427	(12,744)
Health and welfare	97,781	104,325	103,678	647
Other expenditures	212,208	121,899	118,260	3,639
Capital outlay	-	-	-	-
Debt service	-	83,735	83,735	-
TOTAL EXPENDITURES	3,032,525	3,103,165	3,119,123	(15,958)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(243,995)	(231,995)	(278,154)	(46,159)
OTHER FINANCING SOURCES (USES):				
Transfers in	270,995	270,995	239,115	(31,880)
Transfers (out)	27,000	(39,000)	(36,000)	3,000
TOTAL OTHER FINANCING SOURCES (USES)	297,995	231,995	203,115	(28,880)
CHANGE IN FUND BALANCE	54,000	(0)	(75,039)	(75,039)
Fund balance, beginning of year	337,127	337,127	337,127	-
FUND BALANCE, END OF YEAR	\$ 391,127	\$ 337,127	\$ 262,088	\$ (75,039)

County of Alger, Michigan

MSU Extension Fund

Budgetary Comparison Schedule

For the year ended December 31, 2006

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 60,168	\$ 60,168
Licenses and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Local sources	-	-	-	-
Contributions from private sources	-	-	-	-
Charges for services	-	-	2,157	2,157
Fines and forfeitures	-	-	-	-
Interest and rentals	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	-	-	62,325	62,325
EXPENDITURES:				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government	-	-	56,820	(56,820)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Other expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	-	-	56,820	(56,820)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	5,505	5,505
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	-	-	5,505	5,505
Fund balance, beginning of year	12,993	12,993	12,993	-
FUND BALANCE, END OF YEAR	\$ 12,993	\$ 12,993	\$ 18,498	\$ 5,505

County of Alger, Michigan

Ambulance Fund

Budgetary Comparison Schedule

For the year ended December 31, 2006

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 251,226	\$ 251,226
Licenses and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Local sources	-	-	-	-
Contributions from private sources	-	-	-	-
Charges for services	-	-	172,145	172,145
Fines and forfeitures	-	-	-	-
Interest and rentals	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	-	-	423,371	423,371
EXPENDITURES:				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	352,278	(352,278)
Other expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	-	-	352,278	(352,278)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	71,093	71,093
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	(40,000)	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(40,000)	(40,000)
CHANGE IN FUND BALANCE	-	-	31,093	31,093
Fund balance, beginning of year	183,958	183,958	183,958	-
FUND BALANCE, END OF YEAR	<u>\$ 183,958</u>	<u>\$ 183,958</u>	<u>\$ 215,051</u>	<u>\$ 31,093</u>

County of Alger, Michigan

Wireless 911 Fund

Budgetary Comparison Schedule

For the year ended December 31, 2006

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	94,294	94,294
Local sources	-	-	-	-
Contributions from private sources	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rentals	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	-	-	94,294	94,294
EXPENDITURES:				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	14,021	(14,021)
Health and welfare	-	-	-	-
Other expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	-	-	14,021	(14,021)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	80,273	80,273
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	-	-	80,273	80,273
Fund balance, beginning of year	265,220	265,220	265,220	-
FUND BALANCE, END OF YEAR	\$ 265,220	\$ 265,220	\$ 345,493	\$ 80,273

County of Alger, Michigan

Revenue Sharing Fund

Budgetary Comparison Schedule

For the year ended December 31, 2006

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 429,280	\$ 429,280
Licenses and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Local sources	-	-	22,947	22,947
Contributions from private sources	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rentals	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	-	-	452,227	452,227
EXPENDITURES:				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Other expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	452,227	452,227
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	(170,609)	(170,609)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(170,609)	(170,609)
CHANGE IN FUND BALANCE	-	-	281,618	281,618
Fund balance, beginning of year	667,045	667,045	667,045	-
FUND BALANCE, END OF YEAR	\$ 667,045	\$ 667,045	\$ 948,663	\$ 281,618

Other Financial Information

County of Alger, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 1,388,350	\$ 1,432,745	\$ 44,395
Delinquent personal taxes	2,200	3,213	1,013
Payment in lieu of taxes	185,726	186,607	881
Swampland	92,000	92,144	144
Commercial forest reserve	54,000	48,015	(5,985)
Total Taxes	1,722,276	1,762,724	40,448
Licenses and Permits:			
Dog licenses	900	1,020	120
Pistol permits	2,100	2,383	283
Marriage licenses	350	235	(115)
Other	150	240	90
Total Licenses and Permits	3,500	3,878	378
Federal Sources:			
Prosecuting attorney - ADC Coop. Rem.	32,000	20,923	(11,077)
Friend of the Court - Title IV Incentive	13,000	14,576	1,576
Friend of the Court - Coop. Rem.	95,000	76,026	(18,974)
Federal park patrol public safety	6,000	-	(6,000)
Total Federal Sources	146,000	111,525	(34,475)
State Sources:			
Probate judge salary	94,200	101,141	6,941
Judicial standardization	29,931	26,520	(3,411)
Sheriffs road patrol	44,000	22,720	(21,280)
State inmate housing	20,000	245	(19,755)
County juvenile officer	27,317	27,317	-
Attorney fees for state inmates	1,467	1,484	17
County diversion officer	10,000	9,787	(213)
Community corrections	17,500	17,153	(347)
Convention facility tax	38,000	38,436	436
Cigarette tax	5,790	5,824	34
Court equity fund	54,000	47,382	(6,618)
Prosecuting attorney - crime victims rights	20,530	9,423	(11,107)
Other	30	495	465
Total State Sources	362,765	307,927	(54,838)

County of Alger, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Contributions from Local Units:			
Township liquor licenses	\$ 6,000	\$ 7,962	\$ 1,962
Total Contributions from Local Units	<u>6,000</u>	<u>7,962</u>	<u>1,962</u>
Contributions from Private Sources:			
Gaming revenue sharing	16,000	6,400	(9,600)
Family Independent Agency	3,337	-	(3,337)
Total Contributions from Private Sources	<u>19,337</u>	<u>6,400</u>	<u>(12,937)</u>
Charges for Services:			
Circuit court costs	12,318	19,149	6,831
District court costs	130,000	99,672	(30,328)
Circuit court fees	-	9,124	9,124
District court fees	10,000	14,642	4,642
Friend of the court	5,000	6,879	1,879
Probate court	4,000	4,010	10
Probate court attorney fees	500	1,333	833
Treasurer services	1,500	1,080	(420)
Clerk services	10,000	12,431	2,431
Register of deeds	55,000	57,066	2,066
Real estate transfer tax	30,000	34,144	4,144
Sheriff services	9,000	10,066	1,066
Current services - sales:			
Postage	4,488	4,412	(76)
Other	32,900	29,003	(3,897)
County inmate room and board	16,000	20,310	4,310
Total Charges for Services	<u>320,706</u>	<u>323,321</u>	<u>2,615</u>
Fines and Forfeitures:			
Forfeitures	8,000	1,366	(6,634)
Penalties	1,000	161	(839)
Penal fines	6,000	5,500	(500)
Total Fines and Forfeitures	<u>15,000</u>	<u>7,027</u>	<u>(7,973)</u>
Interest and Rentals:			
Interest on investments	67,192	93,403	26,211
Rents	110,000	110,385	385
Total Interest and Rentals	<u>177,192</u>	<u>203,788</u>	<u>26,596</u>

County of Alger, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Other Revenue:			
Other miscellaneous revenue	\$ 98,394	\$ 106,417	\$ 8,023
Total Other Revenues	98,394	106,417	8,023
TOTAL REVENUES	2,871,170	2,840,969	(30,201)
EXPENDITURES:			
LEGISLATIVE:			
Board of Commissioners	31,764	32,098	(334)
Advertising	700	428	272
TOTAL LEGISLATIVE	32,464	32,526	(62)
JUDICIAL:			
Circuit court	127,661	128,027	(366)
Circuit court - administrative	4,000	4,000	-
District court	166,738	169,614	(2,876)
District/Circuit courts - standardization	25,212	25,112	100
Friend of the Court	138,209	139,603	(1,394)
Probate court	190,117	191,011	(894)
Probate court - juvenile officer	53,033	50,931	2,102
Probate court - diversion officer	16,091	11,475	4,616
Jury commission	1,925	1,687	238
TOTAL JUDICIAL	722,986	721,460	1,526
GENERAL SERVICES AND ADMINISTRATION:			
Elections	14,904	14,905	(1)
Tax Equalization	146,044	146,712	(668)
Clerk/Register of deeds	250,953	254,355	(3,402)
Prosecuting attorney	196,448	199,331	(2,883)
Treasurer	186,632	188,822	(2,190)
Building and grounds	195,050	196,706	(1,656)
Duplicating services	15,687	13,851	1,836
Postage	27,730	27,730	-
Service contract	5,625	5,625	-
TOTAL GENERAL SERVICES AND ADMINISTRATION	1,039,073	1,048,037	(8,964)

County of Alger, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY:			
Sheriff	\$ 161,573	\$ 163,313	\$ (1,740)
Road patrol	41,212	30,608	10,604
Jail	729,396	752,200	(22,804)
Motor pool	27,398	26,900	498
Emergency services	13,168	13,168	-
Animal control	7,100	6,023	1,077
Other	18,836	19,215	(379)
TOTAL PUBLIC SAFETY	998,683	1,011,427	(12,744)
HEALTH AND WELFARE:			
District health Department	17,337	16,689	648
Substance abuse services	19,218	19,218	-
Medical Examiner	9,843	9,843	-
Community mental health	33,220	33,220	-
Veterans burials	3,335	3,335	-
Veterans affairs	11,372	11,373	(1)
Other	10,000	10,000	-
TOTAL HEALTH AND WELFARE	104,325	103,678	647
OTHER EXPENDITURES:			
Insurance	88,450	85,432	3,018
Retirement	(8,412)	(6,871)	(1,541)
Airport	5,122	5,111	11
Professional fees	15,839	15,052	787
Computer services	3,200	2,635	565
Termination allowance	16,100	16,100	-
Miscellaneous	1,600	801	799
TOTAL OTHER EXPENDITURES	121,899	118,260	3,639
CAPITAL OUTLAY	-	-	-
DEBT SERVICE	83,735	83,735	-
TOTAL EXPENDITURES	3,103,165	3,119,123	(15,958)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(231,995)	(278,154)	(46,159)

County of Alger, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES):			
Transfers in:			
Ambulance fund	\$ 76,000	\$ 40,000	\$ (36,000)
Delinquent tax revolving fund	-	4,120	4,120
Homestead property tax	24,386	24,386	-
Revenue sharing	170,609	170,609	-
	<u>270,995</u>	<u>239,115</u>	<u>(31,880)</u>
Total Operating Transfers In	<u>270,995</u>	<u>239,115</u>	<u>(31,880)</u>
Transfers (out):			
Probate/Child care fund	(24,000)	(24,000)	-
Law library fund	(15,000)	(12,000)	3,000
	<u>(39,000)</u>	<u>(36,000)</u>	<u>3,000</u>
Total Operating Transfers (Out)	<u>(39,000)</u>	<u>(36,000)</u>	<u>3,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>231,995</u>	<u>203,115</u>	<u>(28,880)</u>
CHANGE IN FUND BALANCE	<u>(0)</u>	<u>(75,039)</u>	<u>(75,039)</u>
Fund balance, beginning of year	337,127	337,127	-
FUND BALANCE, END OF YEAR	<u><u>\$ 337,127</u></u>	<u><u>\$ 262,088</u></u>	<u><u>\$ (75,039)</u></u>

County of Alger, Michigan
Non-Major Governmental Funds
Combining Balance Sheet
December 31, 2006

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash	\$ 155,221	\$ 36,642	\$ 191,863
Accounts receivable	6,344	-	6,344
Other assets	-	-	-
TOTAL ASSETS	\$ 161,565	\$ 36,642	\$ 198,207
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Cash overdraft	\$ 5,660	\$ -	\$ 5,660
Accounts payable	9,440	-	9,440
Due to other funds	-	-	-
Accrued wages	768	-	768
Other liabilities	-	-	-
TOTAL LIABILITIES	15,868	-	15,868
FUND BALANCE:			
Unrestricted	145,697	36,642	182,339
TOTAL FUND BALANCE	145,697	36,642	182,339
TOTAL LIABILITIES AND FUND BALANCE	\$ 161,565	\$ 36,642	\$ 198,207

County of Alger, Michigan

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2006

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
License and permits	104,882	-	104,882
Federal sources	75,676	103,650	179,326
State sources	38,410	-	38,410
Local sources	38,635	33,111	71,746
Charges for services	51,253	-	51,253
Fines and forfeits	2,682	-	2,682
Interest and rentals	11,941	-	11,941
TOTAL REVENUES	323,479	136,761	460,240
EXPENDITURES:			
Current operations:			
Judicial	30,290	-	30,290
General government	124,200	-	124,200
Public safety	172,114	-	172,114
Health and welfare	36,734	-	36,734
Capital outlay	-	101,531	101,531
TOTAL EXPENDITURES	363,338	101,531	464,869
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(39,859)	35,230	(4,629)
OTHER FINANCING SOURCES (USES):			
Transfer in	44,000	-	44,000
Transfer in (out)	(597,369)	-	(597,369)
TOTAL OTHER FINANCING SOURCES (USES)	(553,369)	-	(553,369)
CHANGE IN FUND BALANCE	(593,228)	35,230	(557,998)
Fund balance, beginning of year	738,925	1,412	740,337
FUND BALANCE, END OF YEAR	\$ 145,697	\$ 36,642	\$ 182,339

County of Alger, Michigan
Non-Major Special Revenue Funds
Combining Balance Sheet

December 31, 2006

	D.A.R.E. Fund	Snowmobile Enforcement Fund	Friend of the Court Fund	Circuit Court Probate Oversight Fund	Property Tax Fund	Building Department Fund	Register of Deeds Automation Fund	Emergency Management Fund	Emergency Management Grant Fund	Sheriff Grants Fund
Cash	\$ 222	\$ -	\$ 29,842	\$ 145	\$ 8,091	\$ 22,182	\$ 5,068	\$ 4,129	\$ 36,156	\$ -
Accounts receivable	-	-	556	-	-	-	-	64	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 222	\$ -	\$ 30,398	\$ 145	\$ 8,091	\$ 22,182	\$ 5,068	\$ 4,193	\$ 36,156	\$ -

LIABILITIES AND FUND EQUITY

LIABILITIES:										
Cash overdraft	\$ -	\$ 362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,298
Accounts payable	-	338	-	91	-	1,231	-	34	2,717	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Accrued Liabilities	-	-	-	-	-	440	-	128	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	700	-	91	-	1,671	-	162	2,717	5,298
FUND EQUITY:										
Fund balance - unreserved	222	(700)	30,398	54	8,091	20,511	5,068	4,031	33,439	(5,298)
TOTAL FUND EQUITY	222	(700)	30,398	54	8,091	20,511	5,068	4,031	33,439	(5,298)
TOTAL LIABILITIES AND FUND EQUITY	\$ 222	\$ -	\$ 30,398	\$ 145	\$ 8,091	\$ 22,182	\$ 5,068	\$ 4,193	\$ 36,156	\$ -

County of Alger, Michigan

Non-major Special Revenue Funds

Combining Balance Sheet

December 31, 2006

ASSETS

	Local Corrections Fund	Central Dispatch 911 Fund	Drug Law Enforcement Fund	County Law Library Fund	Michigan Justice Training Fund	Probate Child Care Fund	Veterans Trust Fund	Restricted Fund	Total
Cash	\$ 4,410	\$ 31,828	\$ 1,929	\$ 2,441	\$ 5,814	\$ 2,103	\$ 861	\$ -	\$ 155,221
Accounts receivable	-	-	-	-	-	5,724	-	-	6,344
Taxes receivable	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 4,410	\$ 31,828	\$ 1,929	\$ 2,441	\$ 5,814	\$ 7,827	\$ 861	\$ -	\$ 161,565

LIABILITIES AND FUND EQUITY

LIABILITIES:

Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,660
Accounts payable	-	39	-	668	200	4,122	-	-	9,440
Due to other funds	-	-	-	-	-	-	-	-	-
Accrued Liabilities	-	200	-	-	-	-	-	-	768
Deferred revenue	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	239	-	668	200	4,122	-	-	15,868

FUND EQUITY:

Fund balance - unreserved	4,410	31,589	1,929	1,773	5,614	3,705	861	-	145,697
TOTAL FUND EQUITY	4,410	31,589	1,929	1,773	5,614	3,705	861	-	145,697
TOTAL LIABILITIES AND FUND EQUITY	\$ 4,410	\$ 31,828	\$ 1,929	\$ 2,441	\$ 5,814	\$ 7,827	\$ 861	\$ -	\$ 161,565

County of Alger, Michigan

Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2006

	D.A.R.E. Fund	Snowmobile Enforcement Fund	Friend of the Court Fund	Circuit Court Probate Overnight Fund	Property Tax Fund	Building Department Fund	Register of Deeds Automation Fund	Emergency Management Fund	Emergency Management Grant Fund
REVENUES:									
Property taxes	-	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -
License and permits	-	-	-	-	-	104,982	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
State sources	-	30,357	-	-	-	-	-	-	32,547
Local sources	-	-	-	1,500	2,233	-	-	20,232	-
Charges for services	-	-	7,580	-	-	-	18,195	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest and rentals	-	-	2,515	-	-	-	-	-	-
TOTAL REVENUES	-	30,357	10,095	1,500	2,233	104,982	18,185	20,232	32,547
EXPENDITURES:									
Current operations:									
Judicial	-	-	13,700	1,556	-	-	-	-	-
General government	-	-	-	-	214	112,184	11,782	-	-
Public safety	4,369	40,528	-	-	-	-	-	15,950	26,907
Health and welfare	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,369	40,528	13,700	1,556	214	112,184	11,792	15,950	26,907
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,369)	(10,169)	(3,605)	(56)	2,019	(7,312)	4,403	4,282	5,640
OTHER FINANCING SOURCES (USES):									
Transfer in	-	-	-	-	-	-	-	-	-
Transfer (out)	-	-	-	-	(24,386)	-	(3,163)	-	(8,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(24,386)	-	(3,163)	-	(8,000)
CHANGES IN FUND BALANCE	(4,369)	(10,169)	(3,605)	(50)	(22,367)	(7,312)	1,240	4,282	(2,360)
Fund balance, beginning of year	4,591	9,489	34,003	110	30,458	27,823	3,828	(251)	35,799
FUND BALANCE, END OF YEAR	\$ 222	\$ (700)	\$ 30,398	\$ 54	\$ 8,091	\$ 20,511	\$ 5,068	\$ 4,031	\$ 33,439

County of Alger, Michigan

Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2006

	Sheriff Grants Fund	Local Corrections Fund	Central Dispatch 911 Fund	Drug Law Enforcement Fund	County Law Library Fund	Michigan Justice Training Fund	Probate Child Care Fund
REVENUES:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-	-	-	-
Federal sources	43,129	-	-	-	-	-	-
State sources	-	-	-	-	-	2,815	-
Local sources	-	2,550	-	1,227	-	-	10,893
Charges for services	-	-	27,478	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest and rentals	-	-	-	-	2,682	-	-
TOTAL REVENUES	43,129	2,550	27,478	1,227	2,682	2,815	10,893
EXPENDITURES:							
Current operations:							
Judicial	-	-	-	-	12,909	2,125	-
General government	-	-	-	-	-	-	-
Public safety	48,427	-	35,652	283	-	-	-
Health and welfare	-	-	-	-	-	-	31,189
TOTAL EXPENDITURES	48,427	-	35,652	283	12,909	2,125	31,189
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,298)	2,550	(8,174)	944	(10,227)	490	(20,295)
OTHER FINANCING SOURCES (USES):							
Transfer in	-	-	8,000	-	12,000	-	24,000
Transfer (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	8,000	-	12,000	-	24,000
CHANGES IN FUND BALANCE	(5,298)	2,550	(174)	944	1,773	490	3,705
Fund balance, beginning of year	-	1,860	31,763	985	-	5,124	-
FUND BALANCE, END OF YEAR	(5,298)	4,410	31,589	1,929	1,773	5,614	3,705

County of Alger, Michigan

Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

	Veterans Trust Fund	Restricted Fund	Total
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
License and permits	-	-	104,882
Federal sources	-	-	75,676
State sources	5,438	-	38,410
Local sources	-	-	38,636
Charges for services	-	-	51,253
Fines and forfeitures	-	-	2,862
Interest and rentals	-	9,426	11,941
TOTAL REVENUES	5,438	9,426	323,479
EXPENDITURES:			
Current operations:			
Judicial	-	-	30,290
General government	-	-	124,200
Public safety	-	-	172,114
Health and welfare	5,546	-	36,734
TOTAL EXPENDITURES	5,546	-	363,338
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(108)	9,426	(39,859)
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	44,000
Transfer (out)	-	(561,820)	(597,369)
TOTAL OTHER FINANCING SOURCES (USES)	-	(561,820)	(553,369)
CHANGES IN FUND BALANCE	(108)	(552,394)	(593,228)
Fund balance, beginning of year	989	552,394	738,925
FUND BALANCE, END OF YEAR	\$ 881	\$ -	\$ 145,697

County of Alger, Michigan

Non-Major Capital Projects Funds

Combining Balance Sheet

December 31, 2006

	CDBG Housing 2004 Fund	CDBG Housing 2006 Fund	HUD Grant VII Revolving Rehab Grant Fund	Total
ASSETS				
Cash	\$ -	\$ 13,575	\$ 23,067	\$ 36,642
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 13,575</u>	<u>\$ 23,067</u>	<u>\$ 36,642</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:				
Fund balance	-	13,575	23,067	36,642
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 13,575</u>	<u>\$ 23,067</u>	<u>\$ 36,642</u>

County of Alger, Michigan

Non-Major Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2006

	CDBG Housing 2004 Fund	CDBG Housing 2006 Fund	HUD Grant VII Revolving Rehab Grant Fund	Total
REVENUES:				
Local sources	\$ -	\$ -	\$ 33,111	\$ 33,111
Federal sources	1,001	102,649	-	103,650
TOTAL REVENUES	1,001	102,649	33,111	136,761
EXPENDITURES:				
Capital outlay	1,001	89,074	11,456	101,531
TOTAL EXPENDITURES	1,001	89,074	11,456	101,531
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	13,575	21,655	35,230
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
CHANGES IN FUND BALANCE	-	13,575	21,655	35,230
Fund balance, beginning of year	-	-	1,412	1,412
FUND BALANCE, END OF YEAR	\$ -	\$ 13,575	\$ 23,067	\$ 36,642

County of Alger, Michigan

Fiduciary Funds

Combining Statement of Net Assets

December 31, 2006

	Agency Fund	Payroll Agency Fund	Library Penal Fines Fund	Total
ASSETS				
Cash	\$ 641,901	\$ 19,289	\$ 8,969	\$ 670,159
Accounts receivable	-	-	2,681	2,681
TOTAL ASSETS	<u>\$ 641,901</u>	<u>\$ 19,289</u>	<u>\$ 11,650</u>	<u>\$ 672,840</u>
LIABILITIES				
Due to others	\$ 641,901	\$ 19,289	\$ 11,650	\$ 672,840
TOTAL LIABILITIES	<u>\$ 641,901</u>	<u>\$ 19,289</u>	<u>\$ 11,650</u>	<u>\$ 672,840</u>

Compliance Supplements



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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ROBERT J. DOWNS, CPA, CVA

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MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
County of Alger, Michigan
Munising, Michigan 49862

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Alger, Michigan as of and for the year ended December 31, 2006, which collectively comprise the County of Alger, Michigan's basic financial statements and have issued our report thereon dated June 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Alger, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Marquette, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Alger, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies are described in the accompanying schedule of findings and responses as items 06-01.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the County of Alger, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Alger, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the County of Alger, Michigan's internal control.

Honorable Chairman and Members of
the Board of Commissioners
County of Alger, Michigan

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Marquette, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Alger, Michigan's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 06-02.

We noted certain matters that we reported to management of the County of Alger, Michigan, in a separate letter dated June 28, 2007.

The County of Alger, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the County of Alger, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, the Board, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 28, 2007



ANDERSON, TACKMAN & COMPANY, P.L.C.

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*County of Alger, Michigan
Report to Management Letter
For the Year Ended December 31, 2006*

To the Honorable Chairman and Members of
The Board of Commissioners
County of Alger, Michigan
101 Court Street
Munising, MI 49862

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Alger, Michigan as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the County of Alger, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Alger, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Alger, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

To the Honorable Chairman and Members of
The Board of Commissioners
County of Alger, Michigan

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

Significant Deficiencies

06-01 Condition/Criteria: At December 31, 2006 the County of Alger, Michigan had an unrestricted equity deficit in several of their funds, as shown in Footnotes to the financial statements. Public Act 275 of 1980 requires that all deficits in any fund balance of local units be disclosed and enumerated upon in the Footnotes of the financial statements. In accordance with the Act, a corrective action plan for the deficit is required to be filed with the State Treasurer within 90 days of the end of the fiscal year. As of this time, the County of Alger, Michigan has not filed such a plan.

Effect: The County of Alger, Michigan is not in compliance with State Law.

Cause of Condition: Failure of operating revenues to cover operating expenditures in the current and prior years.

Recommendation: The County of Alger, Michigan needs to either increase operating revenues or decrease operating expenditures in the future.

Management Response - Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Howard Masters, Treasurer
- Corrective Action Planned:
 - The revenue and expenditures will be more closely monitored.
- Anticipated Completion Date:
 - December 31, 2007

Instances of Non-compliance

06-02 Condition/Criteria: Public Act 621 of 1978, Section 18 (1) as amended, provides that counties shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County of Alger, Michigan had actual expenditures and budgeted expenditures as shown in Footnotes to the Financial Statements. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended December 31, 2006, the County of Alger, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

Effect: The County of Alger, Michigan is not in compliance with State Law.

Cause of Condition: Failure to amend the budgets during the year based on the level of expenditures.

Recommendation: The County of Alger, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

To the Honorable Chairman and Members of
The Board of Commissioners
County of Alger, Michigan

Management Response - Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Howard Masters, Treasurer
- Corrective Action Planned:
 - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
 - December 31, 2007

This report is intended solely for the information and use of Alger County Board of Commissioners, management, and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the County's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLLC

Certified Public Accountants

June 28, 2007



ANDERSON, TACKMAN & COMPANY, P.L.C.

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MILWAUKEE

June 28, 2007

To the Honorable Chairman and Members
Of the Board of Commissioners
County of Alger, Michigan
101 Court Street
Munising, MI 49862

We have audited the financial statements of the County of Alger; Michigan for the year ended December 31, 2006, and has issued our report thereon dated June 28, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the County of Alger, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Alger, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Alger, Michigan's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Alger, Michigan's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on The County of Alger, Michigan's compliance with those requirements.

Significant Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the County of Alger, Michigan's are described in the Footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the County of Alger, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

To the Honorable Chairman and Members
Of the Board of Commissioners
County of Alger, Michigan

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the County of Alger; Michigan's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the County of Alger, Michigan's, either individually or in the aggregate, indicate matters that could have a significant effect on the County of Alger, Michigan's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Alger, Michigan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Conclusion

This information is intended solely for the use of the County of Alger, Michigan Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants